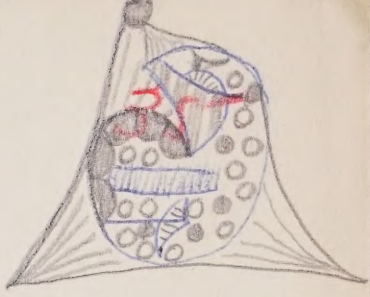

SUBMISSION

TO THE

MEDICAL SERVICES INSURANCE ENQUIRY

BY THE

KENT COUNTY MEDICAL SOCIETY

DECEMBER 1963.

Med. Welfare — Total subsidy by Gov't. - danger of proration of fees. OMA wants to retain No. 1 Plan in order to control nature of proration — & not have such control of fee structure of OMA pass out of their hands.

KENT COUNTY MEDICAL SOCIETY

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S U M M A R Y

1. We have presented the reasons why the Kent County Medical Society is presenting this Brief.

2. We have presented an alternative pooling plan.

3. We have suggested specific changes in the wording of Bill 163.

4. These ideas and suggestions are presented to emphasize them where they have been, or may later be, presented by other parties, and for consideration on their own merit where not presented by anyone else.

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RECOMMENDATIONS

1. That legislation should avoid interference with the traditional doctor-patient relationship.

2. That coverage be on the service type of plan.

3. That financial gain should not be a motivating factor for the carriers in the provision of medical care insurance.

4. That coverage be comprehensive and Schedule "B" be deleted.

5. That the totally subsidized should be covered by an extended Medical Welfare Plan.

6. That the premium subsidy for the partially subsidized should be paid to the carrier of his choice by government.

7. That the premium should be community rated rather than experience rated.

8. That there should be a three rate premium structure.

9. That pooling be done on an actual cost by experience basis rather than on a class risk basis.

KENT COUNTY MEDICAL SOCIETY

1. The Kent County Medical Society is made up of doctors who have banded together with the following objectives:

    (1) The furtherance of their medical knowledge.

    (2) Participation, as a branch society, in the overall programmes of the parent association - the Ontario Medical Association.

    (3) Participation in community health projects in an active or advisory role as indicated.

2. There are 70 active and 4 honorary members in the Society, out of a total of 84 doctors practicing in the county.

REASON FOR PRESENTING THE BRIEF

3. We are presenting this brief because we have a background of many years of experience with various types of medical insurance programmes, both non-profit and commercial.

    In view of this experience, we wish to make some constructive suggestions relative to medical insurance programmes as they may be affected by legislation.

PHILOSOPHY

4. We recognize that any legislation designed to make payment for medical services available, of necessity, will interfere in some measure with the present business practices of insurance carriers, though we agree that as little disturbance as possible is desirable as long as the basic aims can be achieved.

5. Any legislation or system of insurance should not include factors which would alter the pattern of medical practice. Nothing should mitigate against the free choice by patient of doctor, by doctor of patient, or against the confidential relationship traditionally existing between patient and doctor.

6. We feel that the profit motive should not enter into the field of medical care insurance. The physician and his patient are interested, not in sound underwriting so that a profit can be made, but rather in giving and receiving medical care when it is needed, and in having it paid for, irrespective of profits. However, the commercial carriers can earn profits in the area of extended health benefits, life and disability insurance which they may be offering as package deals along with the medical care insurance.

TYPE OF COVERAGE

7. We believe that the type of coverage most satisfactory to both patient and physician is the service plan.

    (a) This is indicated by the wide acceptance of the non-profit plans in Kent County. Windsor Medical Services coverage, alone, amounted to 43.5% of the population of the county in 1961. Although we have no accurate figures to the present, there is a significant number of subscribers in the other non-profit plans offering this type of service coverage. The total enrollment in all these plans, we believe, is now well over 50% of the population.

8. Coverage should be of the comprehensive type as in Schedule "A" of Bill 163.

8. cont'd This has proven, by experience, to be the plan that the majority of people in Kent County prefer when this type of coverage has been made available to them.

9. There should be no standard "In-Hospital" contract as suggested in Schedule "B".

   (a) It will place an additional strain on the present shortage of hospital beds. Pressure will be placed on the doctors to admit patients unnecessarily, and also, to keep them in hospital longer, in order to receive benefits from their coverage.

   (b) There would be discrimination against the patients who could not get into hospital due to the shortage of beds.

   (c) There would also be pressure placed on the doctors to admit patients to hospital for diagnostic procedures which are presently being done on an out-patient basis.

   (d) Patients with chronic debilitating diseases (such as arthritis) would receive no benefit from this type of coverage unless they were in-hospital patients.

   (e) In the experience of the doctor-sponsored plans, relatively few availed themselves of this coverage when it was offered.

SUBSIDIZED INDIVIDUALS

10. Those in Schedule "C", who will receive total subsidy, should be covered by the Medical Welfare Plan (as they are at present) with the Plan extended to include those benefits of Schedule "A".

11. Those receiving partial subsidy should have that portion of their premium, which is made up of the subsidy, paid by government to the insurance carrier from whom the individual buys his standard contract.

11. cont'd This would ensure that the subsidy would be used for the purpose intended.

PREMIUM STRUCTURE

12. We recommend that the premium be community-rated.

(a) Those who would be required to pay the highest premiums under experience-rating would, in most cases, be those least able to afford the extra cost. This would include those over 65, those in chronic ill-health or those with young families.

(b) Those over 65 have, in many cases, contributed for years to an insurance fund while in the low-cost group. They should now receive the benefits of having supported the fund or plan without being required to pay the higher premium.

(c) We believe that the whole purpose of medical health insurance is to apply the insurance principle to the cost of medical care. Therefore we believe that no group in such a plan should be privileged in respect to the amount of the premium. Those who are in the "good-risk" class should surely be able to carry at least as large a share of the total cost of medical care as the unfortunate person who, because of age or chronic ill-health, is in the low earning power class.

(d) The community-rated premium will not remove the element of competition among the carriers, as they will be able to compete in the area of extended health benefits, life insurance and disability insurance (which could be sold along with the medical services contract).

13. There should be a three rate premium structure.

(1) single

(2) subscriber and 1 dependent

(3) subscriber and more than 1 dependent

A two rate structure could create a hardship on many, for example those over 65. They would be required to pay a full family rate for a family that seldom has more than one dependent.

POOLING

14. Pooling has been suggested as a means of spreading among all the carriers the cost of the high risk or high cost group. Assuming that a comprehensive plan is used, we believe that a practical alternative to the present pooling plan (which places the high risk subscribers in a pool before the establishment of an actual cost by experience) could be a post-experience pooling of that portion of the actual medical cost to the given insurer which is above an arbitrary amount, below which the community-rated premium would cover all costs. This arbitrary level could be determined by Medical Carriers Incorporated with due consideration of the premium level which had been in force for the given period.

BILL 163

15. In Section 1, subsection (a), we would recommend that the words "or on behalf of" be added after the words "payment made to".

This would enable the non-profit, doctor-sponsored plans to continue doing business in the manner in which they have been accustomed, ie. direct payment to the doctor on behalf of the patient.

15. cont'd This subsection would then read " 'benefit' means a payment made to or on behalf of a covered person for medical or surgical care or services, or the performance of such care or services for a covered person under a medical services insurance contract."

16. Under Schedule "A", item 6, we recommend that this item (newborn-infant care rendered by the physician delivering the infant) should be deleted.